

REQUEST FOR COUNCIL ACTION

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MEETING

DATE: 8/18/03

AGENDA SECTION: Consent Agenda	ORIGINATING DEPT: City Clerk	ITEM NO. D-3
ITEM DESCRIPTION: Elimination of Bonding Requirement by Municipalities for Heating, Ventilating & Air-Conditioning License		PREPARED BY: Judy Scherr
<p>Effective July 1, 2003, the State of Minnesota is requiring all persons contracting to do gas, heating, ventilating, cooling, air conditioning, fuel burning, or refrigeration work in the State of Minnesota to secure a State Bond in the amount of \$25,000. The State bonding will eliminate the necessity for municipal bonding for the local license.</p> <p>Council is requested to approve removal of the bonding requirement from RCO Chapter 53.04 and replace with language requiring a copy of the State bond to be submitted with all license applications and renewals for Heating, Ventilating & Air-Conditioning to the City of Rochester.</p> <p><u>COUNCIL ACTION REQUESTED</u></p> <p>A motion to approve the elimination of the local bonding requirement for Heating, Ventilating & Air-Conditioning licenses, provide proof of the required State bond, and instruct the City Attorney to prepare the required Ordinance for adoption.</p>		

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ROCHESTER CODE OF ORDINANCES

(3) If the application is for a master installer's license, the number of the applicant's certificate of competency. If the application is for a contractor's license, the name and address of the master installer or installers in charge of the work and the number of the certificate of competency.

(4) If the application is for a contractor's license, the local business address at which business may be transacted.

(5) In the event an applicant's, contractor's, master installer's, or similar license has ever been suspended by any municipal or state authority, a full explanation of the same.

53.03. License Fee. Subdivision 1. Every application for a license filed with the city clerk must be accompanied by the following annual license fee:

Contractor	\$75.00
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Master Installer	\$36.00
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Subd. 2. Late Fees. Every contractor and master installer previously licensed by the city who fails to file an application for a license renewal prior to the first day of January following expiration of the license, shall pay a late license fee as follows:

Contractor	\$90.00
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Master Installer	\$48.00
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Subd. 3. No Pro-Rating. No reduction in the applicable license fee shall be allowed because the remaining period of time before expiration is less than one year.

Subd. 4. Refunds. In the event an application for a license is denied, the license fee shall be refunded.

53.04. License Bonds. Every application for a contractor's license must also be accompanied by a surety bond running to the city in the amount of \$5,000.00 with surety to be approved by the council conditioned that the applicant if licensed shall comply with the provisions of the code and guaranteeing payment to the city and third persons of damages sustained, to the extent of the bond, as a result of a violation of any provision of the code. All bonds shall run concurrently with the term of the license issued.


53.05 Examination of Applications. Subdivision 1. When an application for a contractor's or master installer's license has been filed, the city clerk shall forthwith transmit the same to the



MEMORANDUM

DATE: June 27, 2003

TO: All Municipalities and Building Officials

FROM: Thomas R. Joachim
State Building Official 

SUBJECT: Surety Bond and Filing Fee Requirements
Effective July 1, 2003

To eliminate city by city mechanical bond requirements and reduce multiple filings by contractors, the State Legislature passed, effective July 1st, 2003, a law requiring persons contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work in the state to have a \$25,000 bond for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. The bond along with the \$15 fee must be filed with the Minnesota Department of Administration, Building Codes and Standards Division. The names of bonded contractors will be displayed on our web site.

A copy of the Mechanical Surety Bond and Fee form is enclosed. This form may be found at: www.buildingcodes.admin.state.mn.us both under *What's New* and *Forms and Printouts - Mechanical Bond Form*.

Statutory Language

MS 326.992 [Bond requirement; gas, heating, ventilation, air conditioning, refrigeration (G/HVACR) contractors.]

- (a) A person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning, or refrigeration work must give bond to the state in the amount of \$25,000 for all work entered into within the state. The bond must be for the benefit of persons suffering financial loss by reason of the contractor's failure to comply with the requirements of the State Mechanical Code. A bond given to the state must be filed with the commissioner of Administration and is in lieu of all other bonds to any political subdivision required for work covered by this section. The bond must be written by a corporate surety licensed to do business in the state.
- (b) The commissioner of administration may charge each person giving bond under this section an annual bond filing fee of \$15. The money must be deposited in a special revenue fund and is appropriated to the commissioner to cover the cost of administering the bond program.

groups/communications/newdocuments/compliance bond letter

